



Los Angeles County
Board of Supervisors

March 20, 2007

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First District

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Fourth District

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Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1)	Account Number	H/UCLA – Various Accounts	\$12,500
(2)	Account Number	LAC+USC – Various Accounts	\$30,000

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

www.ladhs.org

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION:

The compromise offer of settlement for patient accounts (1) - (2) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the legal settlements involved in these cases.

*To improve health
through leadership,
service and education.*

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

IMPLEMENTATION OF STRATEGIC PLAN GOALS:

The recommended action will satisfy County Strategic Plan Goal #4, Fiscal Responsibility.

FISCAL IMPACT/FINANCING:

This will expedite the County's recovery of revenue totaling approximately \$42,500.



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FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when it is in the best interest of the County to do so. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority, requires Board approval.

Typically, recoveries in legal settlements are approximately divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and his or her lawyer.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

CONTRACTING PROCESS:


Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,


Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:lg (R:\LMARTINEZ\COMPROMISEBRDLTR#50\LETTER)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: March 20, 2007

Total Charges	\$30,165	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$30,165	Date of Service	Various
Compromise Amount Offered	\$12,500	% Of Charges	41%
Amount to be Written Off	\$17,665	Facility	H/UCLA Medical Center

JUSTIFICATION

This patient fell while playing tennis at his apartment complex. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient and outpatient charges of \$30,165 for medical services rendered. The patient was financially screened but did not apply for any of the County's reduced cost programs (NOTE: As a single adult, not permanently disabled, patient was not linked to Medi-Cal). The patient's third party liability claim settled for \$15,000, and Litigation Adjusters, Inc. (the party representing the apartment complex) is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$0	\$0	0%
Lawyer's Cost	\$0	\$0	0%
H/UCLA Medical Center	\$30,165	\$12,500	83%
Other Lien Holders	\$0	\$0	0%
Patient		\$2,500	17%
Total		\$15,000	100%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: March 20, 2007

Total Charges	\$150,864	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$150,864	Date of Service	Various
Compromise Amount Offered	\$30,000	% Of Charges	20%
Amount to be Written Off	\$120,864	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and incurred total inpatient and outpatient charges of \$150,864 for medical services rendered. The patient qualified for the Ability-to-Pay (ATP) program with no liability. The patient's third party liability claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement*
Lawyer's Fees	\$40,000	\$40,000	40%
Lawyer's Cost	\$4,738	\$4,738	5%
LAC+USC Medical Center	\$150,864	\$30,000	30%
Other Lien Holders	\$6,758	\$2,808	3%
Patient		\$22,454	22%
Total		\$100,000	100%

* 33% of the settlement was allocated to all lien holders – (30% to LAC+USC and 3% to others).

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to LAC+USC Medical Center.